



USAID
FROM THE AMERICAN PEOPLE

WEST AFRICA

CASE STUDY

With Credit Comes Chance to Compete

Training prepares firms to access the financing they need for expansion



Small-scale artisans who are part of the Ghanaian firm Kraft Export Consult stand to benefit as the firm accesses credit to increase exports.

Access to credit has allowed the Ghanaian firm Kraft Export Consult to increase exports and the number of suppliers they employ by about 25 percent.

Telling Our Story
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Challenge

The average American typically has little problem accessing credit, but it's more challenging for West Africans. Businesses are particularly constrained in financing investments in new machinery, raw materials and labor as they attempt to export competitively to international markets. Even with a commitment from major international buyers, exporters still face problems in accessing finance from banks at reasonable rates and in a timely manner. Lenders have little basis to rate the credit-worthiness of potential borrowers in unfamiliar export sectors, while the information the banks do receive might consist of inadequate financial records.

Initiative

USAID and Ecobank partnered to train exporters to develop adequate business plans and financial statements, while helping bankers to explore innovative lending instruments in non-traditional export sectors. International experts in accounting, finance and business administration led workshops for exporters and bankers alike, while software company Intuit donated copies of accounting and finance software to participants. Project toolkits included financial planning templates for making cash flow projections and preparing financial statements in accordance with International Financial Reporting Standards. The toolkits ensured that the supporting documents from regional exporters are in formats acceptable to Ecobank and will thus reduce substantially the processing time for loans. With a higher chance of loan approval in a reduced amount of time, exporters put themselves in a competitive position to develop business and receive orders.

Results

The first loan from EcoBank was disbursed to Kraft Export Consult (a Ghanaian company that acts as an agent for Pier One and the Smithsonian Museum Shop) to produce and export handicrafts to the United States and Europe. The access to pre-shipment finance will enable the company to increase exports and the number of suppliers they employ by about 25 percent. The export activities of Kraft Export Consult will also significantly increase the income levels of the small scale producers and artisans they represent.